

REPORT
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THIS IS UNEVALUATED INFORMATION

ATTRIBUTES PRICE STABILIZATION TO BANK DEPOSITS,
FLUID CAPITAL FLIGHT CONTINUES

Hankow, 2 May -- From the establishment of provincial and city branches of the People's Bank and various trade treasuries in Central and Southern China up to the end of April, total deposits in these financial establishments amounted to more than 1270,000,000,000 yuan; and as a result of these deposits, prices of commodities have virtually been stabilized. A breakdown of the deposits shows the following:

Railroad treasuries, with branches at Cheng-chou, Hankow, Ch'ang-sha, Heng-yang, and Canton, had 103 billion yuan, as of 20 April 1950.

Communication treasuries, with Hankow and Canton branches, had deposits of 4.8 billion yuan, as of 20 April 1950.

TAXATION, FEAR PROMPT CAPITAL FLIGHT -- Hong Kong Hsing-tao Jih-pao, 27 Apr 50

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but of banks, amounting in Shanghai to half the total number of banks; and
(3) excessive taxation.

The methods by which the capital transfers are made vary. Some invest in goods which are then moved out in many small lots that do not attract attention or are carried as personal effects. Others manipulate exchange rates to build up a balance in Hong Kong. Still others smuggle goods out of the country or transmit funds by means of underground banking operations.

In these various ways, funds are being transferred out of Peiping, Tientsin, Tsingtao, Shanghai, and Canton. Naturally it is difficult to ascertain the total quantity, but it is known to be greater than the amount of foreign exchange entering China.

HONG KONG REPORTS FIRST-QUARTER FOREIGN TRADE -- Hong Kong Wen-hui Pao, 27 Apr 50

The leading items in Hong Kong's foreign trade, and the countries concerned, for the first quarter of 1950, were as follows (in Hong Kong dollars):

<u>Items</u>	<u>Imports</u>	<u>Exports</u>
Cotton textiles	64,000,864	41,010,169
Textile industry raw materials	54,685,596	46,998,302
Cotton yarn, thread	53,026,361	42,656,182
Chemicals, drugs, pharmaceuticals	51,550,662	31,213,383
Fuel, lubricating oils	40,102,581	31,551,437
Miscellaneous manufactures	33,025,895	29,317,771
Paperboard, pulp	32,794,293	26,949,543
Steel, iron	31,414,546	13,375,285
Animal and vegetable oils	29,847,513	22,451,633
Cereal manufactures	28,427,636	16,864,118

The chief countries involved and their imports and exports in Hong Kong dollars were as follows:

<u>Countries</u>	<u>Imports</u>	<u>Exports</u>
United Kingdom	116,744,557	34,000,545
US	170,223,372	84,697,400
North China	92,105,991	110,442,216
India	84,450,571	3,662,392
South China	34,724,770	61,553,871
Thailand	34,241,521	17,770,896
Malaya	33,813,846	71,535,995
Australasia	27,700,351	9,429,934
Pakistan	24,316,685	11,910,400
Central China	21,249,664	104,862,878
Totals for quarter with whole world	853,413,042	681,724,752

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